THE WEEK THAT JUST WAS

VOL. 1. NO. 11. (to January 10, 1999).

BB=Bilderberger CFR=Council on Foreign Relations M=Mason RS=Rhodes Scholar TC=Trilateralist

BUSH AND DOLE HEAD REPUBLICAN POLL BY WIDE MARGIN

George W. Bush (S&B 1968) already has a bigger lead for the Republican nomination than either Reagan in 1979 or his father in 1987, according to George Will (TC) (Austin American-Statesman Jan. 7). A CNN/Time Poll of Republicans (CNN's Capital Gang Jan. 9) showed George W. Bush preferred by 38% with Elizabeth Dole closest behind with 28%. Dan Quayle got 7%, followed by Steve Forbes with 5%, John McCain 4%, John Kasich 2%, Gary Bauer 2% and Bob Smith 1%. Dole would beat Gore by 48% to 45% according to a poll of all voters. Bush has appointed the first black (Michael Williams) and the first Hispanic (Tony Garza) to serve on the Texas Railroad Commission (Austin American-Statesman Jan. 5, 1999). He also appointed a Hispanic (Jose Montemayor) to state insurance commissioner. All three members of the Texas Natural Resources Commission, including one Bush appointee, are all from industries regulated by the agency (Austin American- Statesman Jan. 8). Bush has said he will make his decision on a presidential bid at the end of the regular session of the Texas Legislature (c. May 1).

SUMMARY OF ROVE INTERVIEW: RIGHT-HAND MAN OF GOVERNOR BUSH

Political consultant Karl Rove is known as Governor G.W. Bush's "right hand man." One of his early heroes was Robert Bennet of Utah who opposed McCarthy (Austin At Issue Jan. 7). The religious right needs more patience knowing they will get theirs over the long-term. "(W)e've got a whole class of kids that are Godless, jobless, fatherless in many instances and hopeless," he said. We won the Cold War but the U.S. culture is declining. Values that will make a difference tomorrow are needed. President Clinton should admit what everybody in the country already knows. Bush is motivated most by his goal to change the culture. He was repulsed by the elite culture at Yale. He is a conviction politician, to use Margaret Thatcher's phrase, who wants to make a difference. *Wall Street Journal* reporters looked into Bush's background. he has been a good husband and father. If there was anything bad in his background we would have already heard about it. In 1979 there were 14 Republicans in the Texas House and only 3 State Senators. Today there are 72-73 Republican House members and 16 Republican Senators (out of 31). All 27 statewide elected officers in Texas are now Republicans. George Walker Bush was civil to both Richards and Mauro and never said an unkind word to either of them.

IMPEACHMENT COMMENTATORS

Senator Byrd, with his left hand visibly shaking, said that Clinton was too flippant and arrogant (NBC New Jan. 5). Laura D'Andrea Tyson (CFR), Dean of the Haas School at UC Berkeley and former chairwoman of the Council of Economic Advisors, said (Moneyline Jan. 5) a long trial of President Clinton could have dire consequences for social security, Medicare, the dollar and the economy. Lou Dobbs said she expressed a *Business Week* viewpoint. She is concerned about the loss of effective centrist leadership of the economy and loss of confidence. A weakened presidency hurts reforms. Clinton has worked to block tax cuts. The American public wants Clinton to continue his term. The economy is slowing down and the global economy is still fragile.

Four former Senators (News Hour Jan. 5) gave their views on impeachment: John C. Danforth (TC) (R-Missouri), Bennett Johnston (BB) (D-Louisiana), Warren Rudman (CFR) (R-New Hampshire) and Dale Bumpers (D-Arkansas). Johnston said the Senate outcome was already a certainty absolutely known and that the Democrats were committing Hari-Kari. Get it over with by censure. Clearly Clinton will not be impeached. Bumpers said the American people delivered a non-negotiable political demand last November and the Senate has carte blanche. There is a deafening partisanship. Deal quickly with known outcome. Danforth said the issue was the standards of the country: "My own vote would be for removal. I think what the president has done is so far below what our standards have to be as a country that he just shouldn't stay in office." Larry Flynt of Hustler said: "We got one fish that is even bigger than Livingston. It could be as many as half a dozen." One Republican fish is in the Senate, one is a member of the Republican National Committee and the rest are Congressmen. In 1987 Gary Hart was asked if adultery was "immoral." He answered "Yes." Then he was asked: "Have you ever committed adultery?" He answered: "Ahh, I do not have to answer that question." In 1992 Clinton denied the Flowers allegations but later admitted one indiscretion. Daniel Burton (CFR) fathered a son out of wedlock. Henry Hyde (CFR) admitted having a youthful indiscretion.

Senator Joseph Lieberman (CFR) said (CNN Late Edition Jan. 5) that the children would hear impeachment witnesses: "I don't think anybody gains from it." The White House was also adamant against testimony being heard. Mark Shields (News Hour Jan 7), in commenting on impeachment, said he saw the McCarthy hearings. Joseph Welch, a proper Boston lawyer, took down the Wisconsin bully, Joseph McCarthy, the man who held both Truman and Ike "hostage to his anti-Communist theatrics." Paul Gigot (BB/CFR), of the *Wall Street Journal*, said the Republicans are now more cohesive compared to the divided Democrats.

Charles Cooper (CFR?), a former Rehnquist law clerk, said (NBC News Jan. 7) he would make neutral and fair impeachment trial rulings. Lloyd Garment (CFR) said (NBC News Jan. 7) he plays poker with the Chief Justice. Professor Jeffrey Abramson, of Brandeis University, said the Senate was not representative of the country.

Gregory ("Greg") Craig is Clinton's main impeachment lawyer. (NBC News Jan. 8).

Three of the four commentators (CNN Late Edition Jan. 10) on impeachment were elites: Sam Nunn (BB), Howard Baker (CFR), former Senate Majority Leader, Christopher Dodd (CFR) with Senator Mitch McConnell (R-Kentucky).

CLINTON ADMINISTRATION ADOPTS PLANK FROM CONTRACT WITH AMERICA

Donna E. Shalala (CFR/TC), Secretary of Health and Human Services, supports the plan announced to support long-term care (New Hour Jan. 4). Susan Dentzer, of the PBS Health Unit funded by Kaiser, said $50 billion of $125 billion in long-term care is not covered by health insurance. The Clinton plan would provide a $1,000 tax credit for those below certain guidelines.

EURO WILL COMPETE WITH DOLLAR WHILE EUROLAND WILL DRAW MONEY FROM U.S. INVESTORS AS INTEREST RATES HERE RISE

Reto Francionis, Deputy CEO, Deutsche Boerse, said the euro has created one big market and will attract more investors (Moneyline Jan. 4). Alfred Schorni, Head of Foreign Exchange, Commerzbank, added that small investors will follow (Moneyline Jan. 4). The Dutch finance minister was creamed with a pie by anti-euro protesters (Moneyline Jan. 4). Myron Kandel said (Moneyline Jan. 4) that Europe still had labor rigidity, over regulation and social expenditure excesses. Jerome Lacy, Bond Futures Trader, said that money is leaving the U.S. to go into Europe or Japan (Moneyline Jan. 7). Overseas investors are losing confidence in the U.S. with the impeachment trial. hedge funds are selling bonds. Interest rates will go up instead of down.

The Bank of England cut its interest rate. Lisa Finstrom, Senior Currency Strategist for Salomon Smith Barney, said (NBR Jan. 4) that a stronger Europe will attract capital "to the country (Euroland)." There will be no threat if the U.S. is competitive. The euro will be stronger than the dollar this year. Look to invest in U.S. companies that do business with Euroland.

European autos are making their latest assault on the U.S. market (Moneyline Jan. 7). Henrich Heitmann, Chairman and CEO of BMW US Holding, said the euro is more efficient for purchasing parts. Sid Ross, Senior VP of The Northern Trust Co., says companies won't have the cost of hedging currencies with the euro. For the next several months the dollar will still be strong. This will be good for the sale of European cars in the United States. Klaus Freidrich, Chief Economist for Dresdner Bank, A.G. said the euro is going very well. The euro "lives" in Frankfurt, Germany. The U.S. and the European Central Bank are the two central banks that now control 50% of the world's GDP but there is no institution to control them. The euro is of equal weight to the dollar and another option for consumers. It is an alternative currency. The U.S. should look more closely at its own current account deficit.

MANUFACTURING IN POST-INDUSTRIAL U.S. IS DOWN BUT FED WON'T CUT INTEREST RATES UNLESS SERVICE SECTOR DECLINES

U.S. manufacturing (NBR Jan. 4) fell to a 8-year low in December but the Federal Reserve is not likely to cut rates quickly. More manufacturing decline is expected but the Fed won't ease unless the service sector declines. The Fed doesn't want a huge boom in the stock market that could lead to a bubble and then a burst. It doesn't want a sharp drop in the stock market either. The U.S. may have to raise interest rates because of the euro. Jeffrey Davis of State Street Global Advisors said that if the dollar weakens, the Fed may have to raise interest rates (Moneyline Jan. 5). William Sullivan (CFR?) said that a rate cut would come in March at the earliest. Stephen Slifer, Chief Economist of Lehman Brothers, said (NBR Jan. 8) for the moment the Fed would just sit.

TOO MUCH ENTHUSIASM IN MARKET SAYS FED VICE-CHAIRMAN RIVLIN

Alice Mitchell Rivlin (CFR/TC) (described only as a Fed official and not named) (Moneyline Jan. 8) expressed concern about market enthusiasm: "I think there is reason for concern about the stock market, that maybe the surge in stock prices is out of line with future earnings." The M-2 money supply went up $9.8 billion for the week ending December 28 (Moneyline Jan. 7).

CONSUMER BORROWING AND BORROWING ON STOCK KEEPS MARKET GOING

Louis Uchitelle, Economics Writer for the *New York Times*, said (Moneyline Jan. 7) there was 3.5% growth in the 4th quarter due to consumer spending. Borrowing on the stock market. Vulnerable to ups and downs of the market.

NIGHTLY BUSINESS REPORT GIVES SOME BACKGROUND ON ORIGIN OF MUTUAL FUNDS IN AMERICA

For 20 years investing (NBR Jan. 4) was simply buying a bank's certificate of deposit. The double-digit inflation of the 1970s made consumers aware that bank interest alone would not allow them to keep up. In 1979 Ted Bennet found a tax code loophole and created a 401-k plan. Now $1 trillion. Big companies now tell employees that retirement is *their* concern; corporate paternalism is dead. John Bogle, Sr., Chairman of The Vanguard Group, said that mutual funds appealed to the more educated. Mutual funds now total $4.5 trillion. In 1995 the median value of retirement accounts was $15,600. Half of all Americans have no pension plan.

MYRON KANDEL GIVES HISTORY LESSON ON STOCKHOLDER ATTRACTION

Myron Kandel (Moneyline Jan. 8) said that in the 1920s ordinary Americans came to Wall Street and experienced the Great Depression. It took 25 years for Wall Street to entice them back with the slogan "Own a piece of America" in the 1950s and 1960s. During that period the number of stock share owners rose from 6 million to 31 million. The mass appeal of mutual funds came in the 1980s and 1990s. In 1980 stock mutual funds had $45 billion in assets. Today the total is $2.8 trillion. Electronic trading with Charles Swab doubled last year. This is part of a revolution in America that is here to stay.

BIGGEST NASDAQ STOCKS ON INTERNET LISTED

The five biggest NASDAQ Stocks in terms of market capitalization (Moneyline Jan. 7): Microsoft ($373 billion), Intel ($214 billion), Cisco Systems ($162 billion), MCI WorldCom ($137 billion) and Dell Computer ($99 billion).

JOBS LOST AND JOBS GAINED

There were 2.9 million jobs created in 1998 (Moneyline Jan. 8). Wages per hour went up 3.8%. Unemployment, averaging 4.5% annually, was the lowest since 1969. Gordon Richards, of the National Association of Manufacturers, said 270,000 jobs had been lost in manufacturing since March 1998. Labor is being shed because of the inability to raise prices and due to weak export opportunities. In November 251,000 new jobs were created compared to 378,000 in December (NBR Jan. 8). 103,000 jobs were cut in December (NBC News Jan. 9). Unemployment rates by years: 1998: 4.5%; 1997: 4.9%; 1996: 5.4%; 1995: 5.6%; 1994: 6.1%. 100,000 construction jobs were created in December (NBC News Jan. 9).

The stock market has had four years of gains averaging 25% (NBC News Jan. 9). The DJIA was up 461.89 points for the week (NBR Jan. 8), a 5% gain. The dollar is in a slump.

BANKS FEARFUL DEPOSITORS WILL BE SCARED INTO WITHDRAWING FUNDS

Banks are encouraging non-withdrawals (CNN Jan. 4). Russian banks, working on a fractional reserve system, got hit hard when money was withdrawn. This is an inherent weakness in a system where the money in circulation does not equal the deposits in the bank. A primary purpose of the Fed is to truck money where it is needed if such a panic happens.

TOP SECTORS AND FUNDS FOR FOURTH QUARTER LISTED

Top sectors in the 4th Quarter (NBR Jan. 5): Science and Technology (+41.7%), Growth Funds (+22.6%), Small-Cap Funds (19.1%), Growth and Income Funds (+17.8%) and International Funds (+16.4%). Top Funds: Matthews International Korea (+101.9%) (lost 60% last year), Firsthand Tech Innov. (+97.4%), Internet Fund (+83.4%) (up 196.1% in past 12 months), Profunds: Ultra OTC (+72.7) and WWW Internet Fund (+71.3%). Fidelity Select Electronics has gone up 385.3% in past five years. The five mostly widely held mutual funds in 4th Quarter: Fidelity Magellan Fund (+27.2%), Vanguard Index 500 (+21.3%), Washington Mutual Invest. (+13.9%), Investment Co./America (+17.3%) and Fidelity Growth & Income (20.5%).

SOME STOCK PICKS ON NBR AND MONEYLINE

Boston-based Bob Stansky is the manager of Fidelity Magellan (Moneyline Jan. 6). Its value is up 33.6% compared to the 36.7% 1998 increase in the S&P 500. His top five holdings are: 1) General Electric, 2) Microsoft, 3) Intel, 4) Cisco Systems and 5) Merk & Co. Stock prices, he says, tend to follow earnings. In 1998 (News Hour Jan. 6) the NASDAQ went up 39.6% compared to 16.1% for the DJIA.

Vincent Farell, Jr., CIO, Spears Benzak Salomon and Farrell, has a $6 billion portfolio. The market value (NBR Jan. 8) is twenty-six times earnings. He says caution is in order. Sooner or later the valuations will decline. The Internet is simply "breathtaking." He likes Warnaco which has a value ten times its earnings. Also domestic natural gas stocks. Burlington Resources and Unical. Citigroup, he said, has the best of both worlds. Most of the best returns will come in the first and second quarters of 1999. Dampening will occur in the latter half of the year. Dick McCabe, Chief Market Analyst, Merrill Lynch, predicts a substantial correction in Internet stocks. This will be a negative for the entire market (Moneyline Jan. 4).

BELL ATLANTIC MERGER WITH AIRTOUCH AND GTE WOULD CREATE TITAN

If the mergers with Airtouch and GTE go through, Bell Atlantic, with $63 billion in revenue, will be a Telecom Titan -- a leader in wireless and local service. AT&T had $53 billion in revenues last year (Moneyline Jan. 4). British Vodafone, the biggest cellular service company in England, is bidding for Airtouch Comm. (Moneyline Jan. 5). George Reed-Dellinger, HSBC Washington Analysis, said (Moneyline Jan. 5) that Vodaphone would like to extend its presence in the U.S. Foreign ownership restrictions can be waived. Airtouch is strong in Spain, Italy and Portugal. Frederick Moran, Telecommunications analyst, Farman Sloz, said Bell Atlantic seemed to be more stable and the match would be two halves of a whole (NBR Jan. 5).

BUSINESS UNUSUAL GIVES GOOD P.R. TO TRILATERIALIST CEO

Paul H. O'Neill (TC), Chairman and CEO of Alcoa, heads the $20 billion industrial giant (CNN's Business Unusual Jan. 9). His new office for 400 employees on the river in Pittsburgh has windows and an atmosphere of openness. In eleven years, O'Neill has transformed Alcoa to a streamlined company. O'Neill, from a military family, took over at a time in the 1980s when the price of aluminum had fallen. In August 1989 Alcoa was charged by the EPA of running the nation's most toxic factor in Port Comfort, Texas. He was the first chairman from outside the company in its 100-year-history. He cleaned up the mess, cut costs and bought up state-owned aluminum producers in Spain, Hungary and Italy. From 1987 to 1997 he doubled Alcoa's revenues.

BRAZILIAN STATE SAYS IT CAN'T AFFORD TO PAY INTEREST

Brazil's second largest state cannot pay the interest on $15 billion owed to Brazil's federal government (Moneyline Jan. 7). Other states may also withhold money. Global investors are looking a Brazil as the firewall to protect emerging markets as an asset class, according to Riordan Ronet of the Johns Hopkins School of Advanced International Studies (NBR Jan. 8). It is not too big to fail.

THREE ELITES FEATURED IN QUICK BRIEF CNN SEGMENT

Joseph S. Nye, Jr. (BB/CFR/TC) of Harvard (CNN's Millennium Jan. 8), said: "Well the great danger is terrorists getting a hold of weapons of mass destruction . . . this is a new type of threat." Francis Fukuyama (CFR). Senior Scientist of the RAND Corp. and author of *The End of History*, stated: "The population explosion is kind of the old agenda. There is no question that it is our greatest problem in many parts of the third world. But for any industrialized control they are going to face exactly the opposite problem. We could be losing as much as 30% of the population every generation." Graham Tilletly Allison, Jr. (BB/CFR/TC), Advisory Board member, Center for National Policy and former CFR Director, of Harvard University said: "There are suitcase-style nuclear weapons in the former Soviet union. Some criminal elements in Russia, not the Russian government itself . . . would steal nuclear weapons, would sell them (showing photo of Hamas leader in wheel chair) to a terrorist group. The weapons would then be brought to an American city and would be used in a terrorist fashion. And God forbid, I believe that it is something we unfortunately will live to see."

FRESH CARRIER AND BIG DISCUSSION OVER OMSCON

The U.S. Vinson arrived on the last day of the Iraq bombings. (CNN Jan. 4). A lot of discussion over whether the U.S. had spies on the payroll as big news. James Rubin (CFR), State Department spokesman, said (NBC New Jan. 5) that Saddam is lashing out from an isolated position. The next round of bombings of Iraq may take out some of the airports that launch threatening planes. Rubin said the U.S. did not use OMSCOM to spy on Saddam (News Hour Jan. 6).

CONGRESS SHOULD GIVE MORE MONEY TO PROTECT DISTANT EMBASSIES

Retired Admiral William J. Crowe, Jr. (CFR/TC) led an investigation into the bombings of two U.S. embassies in Africa (NBC News Jan. 7). The former Chairman of the Joint Chiefs of Staff issued a scathing report blaming both administrations and Congresses for not doing enough. Of 260 U.S. facilities abroad (NBC News Jan. 8), only 40 are well-protected. *The Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Bar Es Salaam* (January 1999) suggests spending $1.5 billion more each year to upgrade old buildings, provide security officers and Marine guards, emergency action plans and duck and cover drills (NBC News Jan. 8). Secretary of State Albright said responsibility had to be shared broadly. In 1985 an investigation by Bobby Ray Inman (CFR/TC), *Report of the Secretary of the Secretary of State's Advisory Panel on Overseas Security*, called for much tighter security. Inman stated: "It's not very encouraging to have been right and not have been successful." Rep. Porter Gross of Florida, Chairman of the House Intelligence Committee, said the average American was more concerned by security at malls that at embassies in places they could not even pronounce. The solution, said Crowe, comes down to a matter of money (News Hour Jan. 8). He served as Ambassador to Great Britain. Two-thirds of our embassies are now at risk. What is new is the size of the bombs and the growing networks of international terrorists. The new era will worsen the threats.

CLOSE RELATIONS WITH PEOPLE OF CUBA BUT NOT REPRESSIVE CASTRO

Zbigniew Brzezinski (BB/CFR/TC), former U.S. National Security Advisor and co-founder of the Trilateral Commission (with David Rockefeller), said (CNN Worldview Jan 5) that the U.S. is developing a relationship with Cuban society on the basis that the days of Castro are numbered. Castro has now been in power for four decades. He's like Lenin, Stalin and Khruschev combined. The papal visit gave legitimacy to a relationship with Castro's Cuba. Need for preparation so that great violence doesn't occur with Castro's exit. Madeleine Albright (CFR/TC) said (NBC News Jan. 5) our Cuban policy is to develop ties with the people of Cuba without providing aid to "a repressive and backward-looking regime." The embargo has cost Cuba $60 billion over the past forty years. Albright said (News Hour Jan. 5) money should go to families but not to the regime. This will help allow the Cubans to act bravely under a "repressive regime." Need for a democratic transition and free elections. Cubans are still being arrested despite the recent visit of the Pope. Strategy is arts, cultural and sports exchanges. Castro was a former pitcher.

KING INTERVIEWS TOM BROKAW

Larry King (CFR) interviewed (CNN Jan. 5) Tom Brokaw (CFR) about his book: *The Greatest Generation*. Brokaw said the founding fathers were racist. World War II built the greatest industrial economy. A documentary partly based on his book will be shown next week. The 1950s included McCarthyism. Dean Acheson was working on the IMF before the end of World War II. Clinton is not likely to be convicted. The political will of the nation is to get on with it. But Clinton is scarred forever. Lots of morality left in the country but more tolerance now. Newt Gingrich(CFR) was an ideological "philosopher king." George W. Bush (S&B 1968) is the "logical favorite" but the unforeseen can occur. He has all the credentials, a huge base of

support and the right pedigree. The World War II generation had a low divorce rate. Clinton is "pragmatically" doing things. There are no troops in our streets, no coup d'etats and everyone gets a vote.

RABIN PROT?G?E WILL MAKE BID FOR PRIME MINISTER OF ISRAEL

A prot?g? of assassinated P.M. Yitzhak Rabin (33rd M), who played a key role in past peace negotiations, was once given credit for keeping Arafat talking (Austin American- Statesman Dec. 26). Amnon Lipkin-Shahak, a former army general, stated that P.M. Benjamin Netanyahu poses a danger to Israel (Austin American-Statesman Jan. 7). About a dozen candidates will be on the May 17th ballot in Israel. For months he led in the polls but sources say his vagueness and retirement from the army have hurt his standing.

ECONOMIC GROWTH IN CHINA NOT EXPECTED TO CONTINUE

After having the world's top growing economy, China is expected to slow down as its exports decline this year (Austin American-Statesman Jan. 7). Graduates of prestigious universities are having problems finding jobs. Bad loans are sapping the strength of state-owned banks. Further increases in public spending on highways, telecommunications and water works are being centrally planned.

KISSINGER WON'T TELL AP ABOUT SECRET DEAL WITH CHINA WHILE TRAVELING

Sir Henry Kissinger (BB/CFR/TC) secretly offered China satellite technology and a hotline in 1971 (CNN Late Edition Jan 9). He proposed the alliance due to the Soviet nuclear buildup. His office told AP that Kissinger was traveling and unavailable for comment.

U.S. COMPANIES HIRE DIRT-CHEAP CHINESE WORKERS

China has become a key manufacturing center for electronic interconnects (Electronic News Jan. 4, 1999). Both AMP Inc. and Molex, Inc. are planning to expand their presence in China in the next several years. A typical worker in China gets paid 19 cents an hour. Chief engineers make $1.25 an hour.

CFR AND TC OFFICERS & DIRECTORS, 1998

Paul A. Allaire, CFR Director *(Term Expiring 2002*).
Roone Arledge, CFR Director *(Term Expiring 2002*).
Mario L. Baeza, CFR Director *(Term Expiring 2001*).
C. Fred Bergsten, Member of Executive Committee, TC; Economics; former U.S. Assistant , Director, Institute for International Secretary of the Treasury for International Affairs.
John E. Bryson, CFR Director *(Term Expiring 2002*).
Zbigniew Brzezinski, Member of Executive Committee, TC; International Studies; Robert , Counselor, Center for Strategic and Osgood Professor of American Foreign Affairs, Nitze of Advanced International School Studies, John Hopkins University; Assistant to the President for National former U.S. Security Affairs
Lee Cullum, CFR Director *(Term Expiring 2001*).
Kenneth W. Dam, CFR Director *(Term Expiring 2002*).
Douglas Dillon, CFR Director Emeriti.
Thomas R. Donahue, CFR Director *(Term Expiring 2001*).
Peggy Dulany, CFR Director *(Term Expiring 2003*).
Jessica P. Einhorn, CFR Director *(Term Expiring 2000*).
Martin S. Feldstein, CFR Director *(Term Expiring 2003*).

Paolo Fresco, Member of Executive Committee, TC; *Executive Officer, The General Electric* , *Vice Chairman of the Board and Company.*
Leslie H. Gelb, CFR President and ex-offico Director.
Louis V. Gerstner Jr., CFR Director *(Term Expiring 2000*).
Allan E. Gotlieb, North American Deputy Chairman, TC; Consultant, Stikeman Elliot; former Canadian Ambassador to the United States
Maurice R. Greenberg, CFR Vice-Chairman and Director *(Term Expiring 2000*).
Judith Gustafson, *CFR Secretary.*
Robert D. Haas, Member of Executive Committee, TC; Chairman and Chief Executive Officer, Levi Strauss & Co.
Caryl P. Haskins, CFR Director Emeriti.
Charles B. Heck, North American Director, TC.
Carla A. Hills, CFR Director *(Term Expiring 1999*).
Richard C. Holbrooke, CFR Director *(Term Expiring 2001*).
Robert D. Hormats, CFR Director *(Term Expiring 1999*).
David Kellogg, *CFR Vice President, Corporate Affairs, and Publisher.*
Bette Bao Lord, CFR Director *(Term Expiring 2003*).
Lawrence J. Korb, *CFR Vice President, Studies.*
Abraham F. Lowenthal, *CFR Vice President and Deputy National Director*.
Anne R. Luzzatto, *CFR Vice President, Programs and Media Projects*.
Vincent A. Mai, CFR Director *(Term Expiring 2003*).
Charles McC. Mathias Jr., CFR Director Emeriti.
William J. McDonough, CFR Director *(Term Expiring 1999*).
George J. Mitchell, CFR Director *(Term Expiring 2000*).
Michael H. Moskow, CFR Director *(Term Expiring 2003*).
Janice L. Murray, *CFR Vice President and Treasurer*
Joseph S. Nye, Jr*., Member of Executive Committee, TC; University; former Dean, Kennedy School of Government, Harvard U.S. Assistant Secretary of Defense for Security Affairs.*
James A. Perkins, CFR Director Emeriti.
Michael P. Peters, *CFR Senior Vice President, Chief Operating Officer, and National Director.*
Peter G. Peterson, Chairman of the Board and CFR Director *(Term Expiring 2001*).
David Rockefeller, Honorary Chairman and CFR Director Emeriti; North American Chairman, TC (1977-1991).
Warren B. Rudman, CFR Director *(Term Expiring 2000*).
Frank Savage, CFR Director *(Term Expiring 2002*).
Diane Sawyer, CFR Director *(Term Expiring 2000*).
Robert A. Scalapino, CFR Director Emeriti.
Theodore C. Sorensen, CFR Director *(Term Expiring 1999*).
George Soros, CFR Director *(Term Expiring 1999*).
Laura D'Andrea Tyson, CFR Director *(Term Expiring 2002*).
Garrick Utley, CFR Director *(Term Expiring 2003*).
Cyrus R. Vance, CFR Director Emeriti.
Paul A. Volcker, CFR Director *(Term Expiring 1999*); North American Chairman, TC (1991-); Former Chairman, Board of Governors, U.S. Federal Reserve System; former Chairman, Wolfensohn & Co., Inc.; Frederick H. Schultz Professor Emeritus of International Economic Policy, Princeton University.
Glenn E. Watts, CFR Director Emeriti.
Robert B. Zoellick, CFR Director *(Term Expiring 2001*).

ALSO IN THE NEWS

The FDA (NBC New Jan. 5) has now approved a new meat-flavored pill to keep dogs calm. The separation anxiety cure (for when owners are away from home) may cause stomach problems. Tom Brokaw (CFR) said it is "whichever mess you prefer."

Princess Juliana, now 89, was hospitalized Jan. 4 for an undisclosed illness (Austin American-Statesman Jan. 5). Her daughter, Dutch Queen Beatriz, was crowned in 1980 after Juliana abdicated following a 31 year reign.

A crack down on drug and alcohol abuse by teen mothers is coming (New Hour Jan. 4). Fetal alcohol syndrome is one problem. New criminal laws will hit "cocaine moms." Wisconsin and South Carolina now require mothers to obtain mandatory treatment for the best interests of the child.

The EPA, signed into law by Nixon in December 1973, is now up for reauthorization by Congress (Austin American-Statesman Jan. 4).

Hays, the modem maker, owes $42 million to creditors and can't find a buyer to bail it out of bankruptcy (NBR Jan. 5).

Homes are becoming so expensive (NBC New Jan. 5) that Americans cannot afford to keep them. Property taxes are exceeding incomes as values increased by 15% in the last three years. The tax takes up to 15% of the annual income of seniors.

Some 25,000 hog farmers may be going out of business. The split of one hog: $41 to the farmer, $47 to the packer and $216 to the grocer (NBC News Jan. 7).

Russia and Belarus will be getting back together if Belarus President Alexander Lukashenko has his way (Austin American- Statesman Dec. 26). The merger will stop just short of total.

Former Austin Mayor Frank Cooksey, who is president of the local chapter of the United Nations Association (see links), will participate in an American Bar Association sponsored initiative to teach the methods of the U.S. legal system to Russians in Moldova (Austin American-Statesman Jan. 4).

QUOTES FROM THOMAS JEFFERSON (AND WHY BANKERS HATE HIM . . .)

"Hamilton's financial system . . . had two objects: First, as a puzzle, to exclude popular understanding and inquiry; Second, as a machine for corruption of the legislature; for he avowed the opinion, that man could be governed by one of two motives only, force or interest; force he observed, in this country was out of the question, and the interests, therefore, of the members must be laid hold of, to keep the legislature in unison with the executive." -- Thomas Jefferson (Feb. 4, 1818).

"My wish was to see both Houses of Congress cleansed of all persons interested in the bank or public stocks; and that a pure legislature being given us, I should always be ready to acquiesce under their deliberations, even if contrary to my own opinions; for I subscribe to the principle, that the will of the majority, honestly expressed, should give law." "I hope we shall take warning from the example and crush in its birth the aristocracy of our monied corporations, which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country." -- Thomas Jefferson, Letter to Logan, 1816,. THOMAS JEFFERSON ON DEMOCRACY 138 (S. Padover Ed. 1953).

"We are undone . . . if this banking mania be not suppressed. Aut Carthago, aut Roma delenda est (Either Carthage or Rome must be destroyed). The war, had it proceeded, would have upset our government; and a new one, whenever tried, will do it. And so it must be while our money, the nerve of war, is much or little, real or imaginary, as our bitterest enemies choose to make it. Put down the banks, and if this country could not be carried through the longest war against her most powerful enemy, without ever knowing the want of a dollar, without dependence on the traitorous classes of her citizens, without bearing hard on the resources of her people, or loading the public with an indefinite burthen of debt, I know nothing of my countrymen. Not by any novel project, not by any charlatenerie, but by ordinary and well-experienced means; by the total prohibition of all private paper at all times, by reasonable taxes in war aided by the necessary emissions of public paper of circulating size, this bottomed on special taxes, redeemable annually as this special tax comes in." -- Thomas Jefferson, Letter to Gallatin, October 16, 1815. THOMAS JEFFERSON ON DEMOCRACY 78 (S. Padover Ed. 1953).

"Her (England's) examples have fearful influence on us. In copying her we do not seem to consider that like premises produce like consequences. The bank mania is one of the most threatening of these imitations. It is raising on a monied aristocracy in our country which has already set the government at defiance, and although forced at length to yield a little on this first essay of their strength, their principles are unyielded and unyielding. These have taken deep root in the hearts of that class from which our legislators are drawn, and the sop to Cerberus from fable has become history. Their principles lay hold of the good, their pelf of the bad, and thus those whom the constitution had placed as guards to its portals, are sophisticated or suborned from their duties. That paper money has some advantages, is admitted. But that its abuses also are inevitable, and, by breaking up the measure of value, makes a lottery of all private property, cannot be denied. Shall we ever be able to put a constitutional veto on it?" Thomas Jefferson, Letter to Dr. J.B. Stuart, 1817). THOMAS JEFFERSON ON DEMOCRACY 79 (S. Padover Ed. 1953).

"If the American People ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children wake up homeless on the continent their fathers occupied. The issuing power of money should be taken from the bankers and restored to Congress and the people to whom it belongs. I sincerely believe the banking institutions having the issuing power of money are more dangerous to liberty than standing armies." -- Thomas Jefferson

"We are completely saddled and bridled, and the bank is so firmly mounted on us that we must go where they ill guide." -- Thomas Jefferson

"The system of banks which we have both equally and ever reprobated, I contemplate as a blot in all our constitutions, which, if not corrected, will end in their destruction." -- Thomas Jefferson, Letter to John Taylor, May 28, 1816. week011.htm

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